



**Director of  
Central  
Intelligence**

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*Wednesday  
27 April 1983*

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**USSR-US: Grain Trade Prospects**

*The USSR has not yet responded officially to the US offer to renegotiate the Long-Term Grain Agreement, but Soviet officials have indicated they are interested in a new agreement.* [redacted]

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The current agreement will expire on 30 September. [redacted]

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**Comment:** While the poor winter crop outlook may prompt the USSR to buy more grain over the next several weeks, it probably has little bearing on Moscow's desire to replace the Long-Term Agreement. [redacted]

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The Soviets are likely to believe the US offer is related to domestic political and economic considerations. They probably will not view it as a sign of an overall improvement in bilateral relations because it comes on the heels of anti-US statements by General Secretary Andropov and Foreign Minister Gromyko. [redacted]

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**NATO: Deliberations on INF**

Allied representatives to the Special Consultative Group on INF want to use their meeting next month to flesh out the US proposal for an interim agreement. At the group's meeting last Friday, many of its members expressed concern that, if the US does not develop its position more fully, the USSR could seize the initiative when INF negotiations resume on 17 May. Although most agree it is not necessary to devise specific deployment numbers now, they believe it would be useful to prepare Allied positions on general deployment levels, aircraft and shorter range INF, Soviet SS-20 deployments in Asia, and verification. [REDACTED]

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**Comment:** The Allies believe the USSR's rejection of the US proposed interim agreement is not final and want Washington to be prepared to address any possible counteroffer from Moscow. They also want to ensure that there is Allied agreement on the specifics of the US position before the next round of negotiations begin.

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**ETHIOPIA: Changes in the Government**

Chairman Mengistu over the past week has made the most extensive changes in the government since he came to power in 1977, with about half of the ministers and several agencies affected. Some Western observers believe the reorganization resulted from Soviet demands that pro-Western elements be removed. All key officials involved, however, have been assigned to new positions.

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**Comment:** Some of the initial transfers probably are intended as a sop to the Soviets. A pro-Soviet ideologue in the symbolically important post of deputy chairman of the Council of Ministers replaced a moderate. The majority of the shifts, however, appear primarily to reflect Mengistu's concern about bureaucratic inefficiency and his determination to administer the country's stagnating political and economic programs more effectively. The replacement of the anti-Western Foreign Minister with a US-educated moderate raises the possibility of improving Western access to Addis Ababa, but Mengistu will remain the final arbiter of foreign policy.

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**USSR-MOZAMBIQUE: Delivery of MIG-21s**

The Soviets last week delivered their first MIG-21 fighter aircraft to Mozambique.

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The MIG-21 has a greater range and a much better weapons payload than the MIG-17.

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**Comment:** The Soviets have been providing Mozambique with more and better military equipment in recent months to help counter the South African-backed insurgency. Mozambican pilots who have trained on the MIG-17 could learn to fly the new planes in six to 12 months. Final arrangements for the MIG-21 delivery may have been made during President Machel's trip to Moscow early last month.

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**FINLAND-USSR: Opposition to Youth Festival**

The Communist Democratic Youth League and several other Finnish youth organizations decided last week not to hold a world youth festival in Finland in 1985—a move that may have surprised the Soviets. Last fall Moscow asked Finland's Communist Party to sponsor the festival after the French Communists had refused, and the Soviets went to some length to encourage Finnish sponsorship. The Communist Democratic Youth League cited the high financial cost of the festival in explaining the decision to the press. A Conservative representative told the US Embassy, however, that all of the youth groups feared Moscow would control the festival, as it did a similar one in 1962.

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**Comment:** Many Finnish leaders privately opposed the festival, and the government almost certainly welcomes the decision, which will allow it to sidestep the issue. The Soviets recognize that the Finns under President Koivisto are not as cooperative as they were under former President Kekkonen. Nevertheless, Moscow is certain to be annoyed by the rejection, given its current efforts to demonstrate the solidarity of leftist forces against INF and other NATO and US policies.

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#### **IRAN-IRAQ: Bombings in Baghdad**

An Iraqi Shia opposition group based in Tehran has claimed responsibility for the two car bombings last Thursday in Baghdad—the third and fourth such incidents there in the last six weeks.

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**Comment:** The current military stalemate probably will encourage Iran to increase its support for terrorist operations in Iraq, including possible attacks on installations of Western countries viewed as pro-Iraqi. Iraq almost certainly will respond with surface-to-surface missile attacks against Iranian cities, airstrikes against oil facilities, and terrorist operations.

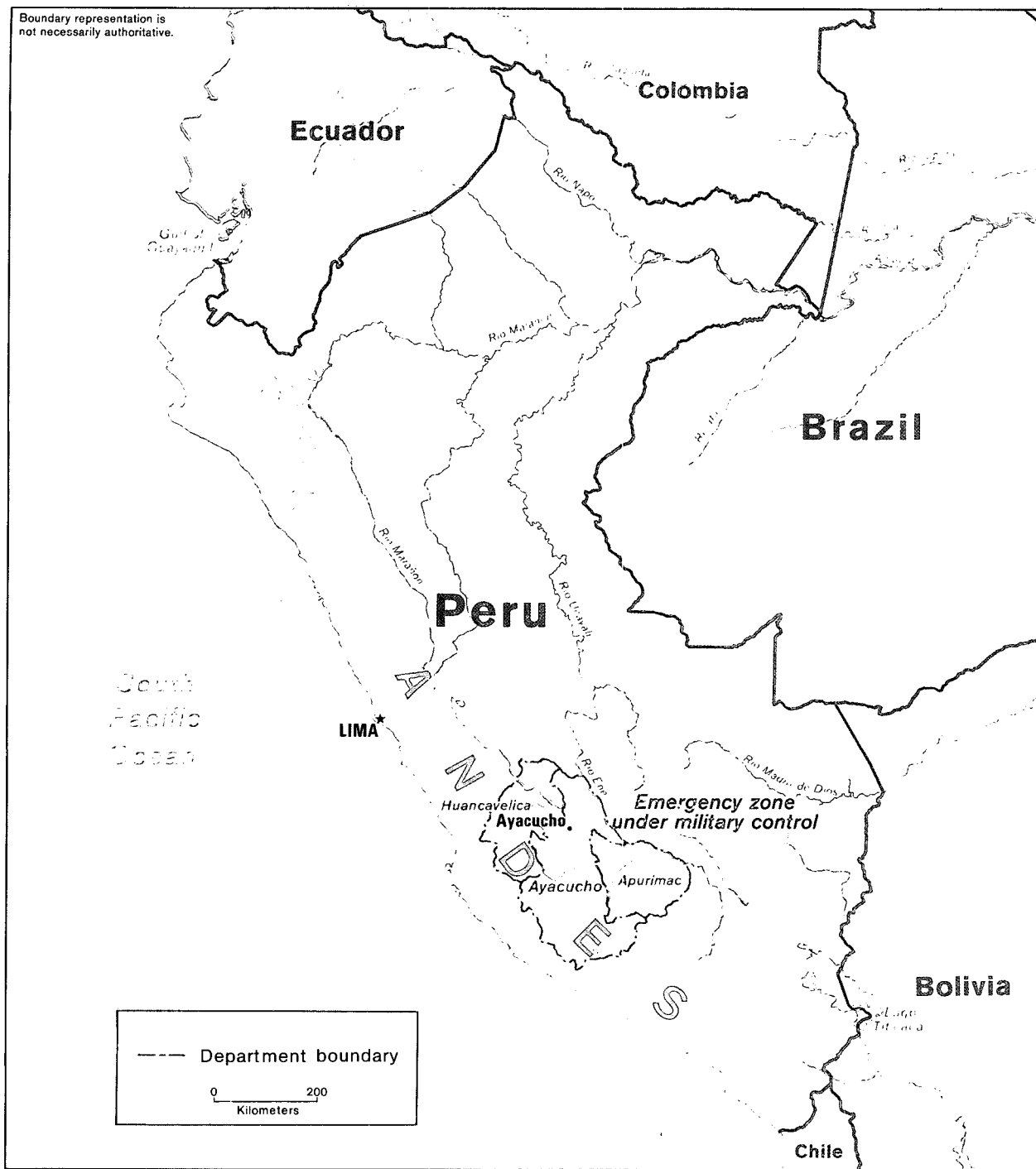
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**PERU: Terrorist Activity**

The Sendero Luminoso terrorist group has increased its attacks in recent weeks, despite the heavy losses it has suffered since military reinforcements were sent to Ayacucho Department last December.

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**Comment:** The government is now entering the most difficult phase of its counterterrorist campaign. Most of its success to date probably has been against the group's support elements rather than its leaders and more experienced fighters. These militants will continue to challenge the security forces in Ayacucho with tactics designed to intimidate local residents and provoke overreactions. Increased attacks also could lead to greater pressure on President Belaunde to allow regular military forces to supplant civilian police in direct counterterrorist operations.

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**THAILAND: Prime Minister Refuses To Serve**

Caretaker Prime Minister Prem declared yesterday that he will not accept the premiership in the next government. His announcement came after several hours of political maneuvering in parliament that paves the way for the formation of a coalition government that excludes Thailand's largest party, Social Action. As late as last weekend, Prem was expected to preside over a new government that included Social Action.

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**Comment:** The Social Action Party controls a large bloc of votes in the National Assembly, and a coalition government that excluded it probably would not last long. Prem's announcement may have been intended to force the inclusion of the party in the government. If the move succeeds, there is a good chance that he will return to head the next government.

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**Insurgent Operating Areas**



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## **Special Analysis**

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### **NICARAGUA: The Insurgent Challenge**

*Anti-Sandinista insurgents have established footholds in central and northern Nicaragua after several months of steadily increasing fighting. Their effective use of hit-and-run guerrilla tactics has forced the government to strengthen its military response. The Sandinistas remain outwardly confident they can deal with the insurgent threat, but the opening of a southern front by Eden Pastora's forces reportedly has increased their concern.*

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The Sandinistas have some 25,000 troops on active duty, including reserve and militia units. The government has used reservists and militia to handle most of the fighting as part of a Sandinista strategy to force large numbers of civilians to make a commitment to the revolution. More recently, however, elite counterinsurgency troops are becoming more involved, particularly in central Nicaragua.

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#### **Insurgent Groups**

Three major insurgent forces are now operating in the country. The Nicaraguan Democratic Force has set up several base camps in the northwest since its forces infiltrated from Honduras last year.

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The Misurasata—made up of Miskito, Sumo, and Rama Indians—is well established in the northeast, its native region. It is allied with the Democratic Force,

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The third insurgent group is the Democratic Revolutionary Alliance, which is led by revolutionary hero Eden Pastora. Alliance spokesmen announced on 15 April that Pastora was abandoning political tactics and taking up arms against the Sandinista regime.

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#### **Insurgent Strengths and Weaknesses**

The insurgents' main strength has been their ability to harass the Sandinista troops with hit-and-run tactics. Their ability to avoid large-

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scale battles indicates they have good mobility, intelligence, and communications. Recent sustained operations in Matagalpa and Boaco Departments suggest they have some degree of local support as well as supply lines to Honduras. [ ]

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The insurgents, however, cannot match the Sandinistas in manpower and weaponry. They also depend heavily on external sources for weapons and ammunition, which makes them vulnerable to interdiction campaigns along the Honduran and Costa Rican borders. [ ]

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The lack of unity or close coordination among the three groups could prove significant if the conflict broadens. Perhaps most important, the insurgents probably cannot survive unless they develop popular support. [ ]

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The Misurasata probably can count on local backing in the northeast because the Indians in that area have been abused by the Sandinistas. The Nicaraguan Democratic Force will have to overcome Sandinista attempts to label its members as supporters of former dictator Somoza, but it appears to have some following in rural areas. It is too soon to judge Pastora's potential to attract support, except to note that he was the most popular Sandinista figure in the overthrow of Somoza. [ ]

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### **Prospects**

Over the next several months, the insurgents probably will not be able to present a serious threat to the Sandinistas. They may be able to gain control of some remote areas, particularly near the Honduran and Costa Rican borders, but are unlikely to be strong enough to take on large Sandinista units or to seize and hold major towns. [ ]

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Sandinista forces may begin to gain the upper hand if they manage to cut off the insurgents' lines of supply to Honduras and Costa Rica. The regime also will try to undercut the insurgents by continuing to brand them as killers and traitors. If the Sandinistas believe the guerrillas are making substantial progress, they may request additional Cuban counterinsurgency advisers and perhaps troops. [ ]

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